

**COMMITTEE ON ACCOUNTS, ENROLLMENT  
AND REVENUE ADMINISTRATION**

**January 21, 2003**

**4:30 PM**

Chairman Shea called the meeting to order.

The Clerk called the roll.

Present: Aldermen Shea, Guinta (arrived late), Smith, Lopez

Absent: Alderman Thibault

Messrs.: Tom Arnold, Kevin Buckley, Tom Nichols, Randy Sherman,  
Howard Tawney, Steve Tellier, Sharon Wickens

Chairman Shea addressed item 3 of the agenda:

3. Communication from Guy Beloin, Financial Analyst II, submitting the City's Monthly Financial Statements for the six months ended December 31, 2002.

Mr. Sherman stated under contingency in the left-hand most column where it has the \$141,690 is the balance that we currently stand at. If you go over to last year we had \$14,000 remaining. You'll never see anything being spent, you'll never see anything under the second column for contingency because when the Board makes those transfers we actually take it out of this \$141...and move it to whatever department it goes to.

Chairman Shea asked when you review the departments which one would you reason are in perilous condition or state?

Mr. Sherman replied actually I went through all the departments and I don't see anyone in trouble. If you compare them to last year's numbers and we had quite a surplus remaining from the departments last year, I think they're okay plus the obvious one...Frank was at your last Board meeting talking about his snow budget, but besides that I think the rest of the departments are in decent shape.

Chairman Shea stated a couple here that I checked off (the seventh one down/Finance) asked is that kind of a....

Mr. Sherman replied no, we're okay. We've got a number of vacancies right now, so we're okay. We're okay budget wise...staff wise we could always use more.

Chairman Shea asked how we are doing with revenues?

Mr. Sherman replied on the last page of the report, page 6, again the fourth column of numbers in, the bottom number...the 6.74% is the percent that you budgeted over last year's actuals. If you go over to the very last column you'll see we're only at 5.92%. Now, that's only about \$150,000 off from the 6.74% so that bottom line number is not that alarming at this point. What we do find a bit troubling is if you go up under the second category...we have Licenses and Permits and the first line under there auto registrations...now, auto registrations represents almost 35% of your total non property tax revenues and if you follow that line across we actually budgeted an increase over 5% and the increase through the end of December is less than 1%. So, we find that a bit alarming. But, with end of year, holidays, the way the calendar falls sometimes you can have one or two day shifts between a certain calendar month and the following calendar month and that can be anywhere to \$60,000 or \$70,000 a day. So, those numbers we are watching but that's the one (right now) that gives us some concern. Other than that, we're doing okay.

Alderman Lopez in reference to the unexpected revenues that we're going to receive stated will not be counted toward the percentage of revenue that we projected, is that correct.

Mr. Sherman stated you're talking about something like what we're getting from the civic center. That will go into that new fund balance that we had for the one-time revenues. So, you won't see that on this report. Now, obviously, it helps this bottom line, it helps us not have a deficit but those funds will be segregated.

Alderman Lopez stated if we're short revenue at the end of the year we'll still take that revenue out of revenue stabilization.

Mr. Sherman replied that is correct.

On motion of Alderman Lopez, duly seconded by Alderman Smith, it was voted to accept the monthly financial statements for the six months ended December 31, 2002 as submitted.

Chairman Shea addressed item 4 of the agenda:

4. Communication from Kevin Buckley, Internal Audit Manager, providing an audit status update.

Alderman Lopez moved for discussion. Alderman Guinta duly seconded the motion.

Alderman Guinta asked for a quick overview.

Mr. Buckley stated the first item is the Canal and Victory Garages Extended Testing that I had done at the request of the committee. The management at the garages has shown me that a lot of the assumptions I was using weren't correct and I've gone to the state and I verified everything they've been telling me. The difference between my figure of \$11,870 and their figure of \$8,576 are big pieces of expenditures that they're not able to dig out for me to verify because they're so old and they don't have the records in detail that I'm asking for. We're pretty close on it right now between the \$8,576 and the \$11,870...I'm still waiting on one more letter from them explaining what's going on, but that is where that stands. In reference to CIP Projects for the year ended 6/30/2002 I'm behind where I thought I was going to be because of a lot of things like the shortage in the Finance Department constantly being pulled off to do some other things I had to do recently...the Federal Financial Schedule that Robin used to do but she is no longer at the department and things like that have taken time away and it's a lot more of an involved audit than I thought it would be so it's slowing me down. Then finally, I'm asking to do a new audit...it has been brought to my attention that I should probably look at the Pension Benefits we pay out over the old system and at the same time that happened I got an audit report from the City of Philadelphia's Internal Auditor that they had done an audit on their pension payouts and they discovered that they were paying out...they'd paid out over \$2 million in improper payments to deceased beneficiaries and so I kind of did some checking. The internal controls on the old system that we send checks out directly is a little sketchy so I just wanted to send out some confirms and make sure that everyone we're paying is indeed still around. The last thing I would like to mention that is not on this letter is the Health Claims Audit which was the audit of Anthem Blue Cross payments for health claims...to date, we have recovered close to \$50,000 from Anthem from overpayments and there is still in dispute several thousand dollars that Anthem may or may not owe us, but despite constant requests from Health Claims that they haven't been getting anywhere with Anthem to try to resolve these audit findings of theirs...I don't know where you

want to go with that, but Health Claims is going to ask me what we wanted to do with that and I know Howard Tawney from Human Resources was also wanting to know what the will of the committee was on that.

Alderman Guinta stated I'm not sure I understand your question. Blue Cross wants to know...?

Mr. Buckley stated Health Claims are the people we hired to conduct this audit and Anthem has been dragging their feet.

Alderman Guinta stated so Health Claims wants to know what we want to do about the fact that it seems to be taking an inordinate amount of time.

Mr. Buckley stated there was a woman who was our contact over there and she's moved onto another job and they hadn't assigned someone...we finally got another contact in there and this person says I don't know what's going on and it looks like they just want to blow this whole thing off at this point.

Alderman Guinta asked who is the state or regional CEO, do we know? Why don't we just call him or her?

Mr. Buckley stated I can talk to Health Claims and see who they've been talking to and see if they could go up a little farther.

Alderman Guinta stated we might as well go to the top. If it's taking a long time and this is not an out of the ordinary request, I would assume.

Mr. Buckley replied no, they've dealt with these before.

Alderman Guinta stated my suggestion would be that we talk to whoever the regional or state CEO is and file a verbal complaint and if that doesn't get us anywhere then file a formal letter of complaint to try to resolve it or complete what we need completed.

Chairman Shea stated we'll keep that in mind and possibly that will be our option.

Alderman Lopez in reference to the \$50,000 stated even though it comes in, does it fall within the same category as unexpected revenues?

Mr. Sherman replied no. Those dollars we had actually budgeted for. If you'll recall we have a line item for both revenues and expenses in our current budget. In order for us...they're working on a contingency fee basis, so in our budget we budget them both an expense and a revenue. Knowing that if we get the revenue it will exceed what the expense was, but we balance them off in the budget. So, no, those do not fall into this one time revenue category.

Alderman Lopez stated, Kevin, when you say \$50,000 asked are you saying that they have agreed to pay us \$50,000?

Mr. Buckley replied they have confirmed errors...an exact figure I have here...the last sheet I've gotten was \$47,885 that Anthem has confirmed were overpayments, duplicated payments, payments that exceeded the maximum they're allowed to pay for certain procedures. Of that amount, Anthem has actually paid us back and pay us back by crediting our bills...they paid us back \$32,810 which leaves about \$15,000 that they have confirmed that they have overpaid that they still haven't credited us that I know of at this point. They may have done it in the last month or two on bills that I haven't seen, but as far as I know that amount is still outstanding. There is also an additional \$19,360 that Health Claims Consulting feels that they may have overpaid that Anthem has yet to do anything about to give them evidence that they said they have or have not paid it in error.

Alderman Lopez asked what is your professional opinion as to the direction you would like to see as an auditor?

Mr. Buckley replied I would like to see anthem get pushed a little harder on this and I think going to the CEO may be a good step.

Alderman Lopez asked would the City Solicitor be involved also at this stage or just you?

Mr. Buckley replied possibly. Maybe under the City Solicitor's signature it may push things farther if we send a letter in.

Chairman Shea stated I was going to ask Howard who's in the audience, do you concur with that, you've dealt with them directly because of claims and so forth?

Mr. Tawney replied yes I'm afraid I would push a little harder than just going to the CEO because I do not feel that they have been responsive at all...have you talked about the \$200,000 for the subrogation?

Mr. Buckley stated the last letter I got on the \$200,000 I think that Anthem had tried to get that resolved and Anthem themselves could get nowhere with the insurance company.

Mr. Tawney stated Anthem should have gone to an insurance company, a third party, to collect on when one of our employees was injured in a fire and the apartment owner had fire insurance on his place and it should have paid for our employee's medical bills. They did not do that and subsequently we had to put out the \$200,000. Also, there is about \$40,000 that Anthem should have collected or put into collect from the Veteran's Administration which they did not. In discussing it with Randy they have a liability to pay us that amount of money. If nothing else, they have liability insurance for errors and omissions that we could go against. I don't know, we could write them a letter from the City Solicitor and say either come up with the money or we're going to file suit and pay us that way, we'd be beating our heads trying to get response or some action out of Anthem and the question is how hard do you want to push?

Chairman Shea asked do you think just the letter from the City Solicitor is sufficient, what would you recommend beyond going to the City Solicitor, what else would you recommend?

Mr. Tawney replied file suit against them. I'm out of my league...

Alderman Lopez asked has there been a joint meeting with our City Solicitor, auditor and Finance and Human Resources with the big guys at Anthem to come in and sit down and discuss it and try to solve it or has it just been a one-on-one operation?

Mr. Tawney replied I've talked with Tom Arnold and basically he was suggesting that we get together and sit down with the auditor and go over this.

Alderman Lopez stated wouldn't that be the first step. We're going to argue and fight about the money and next year they're going to increase our premium it doesn't make sense unless we've taken the initial steps of sitting down collectively and try to bargain before and then the legal aspect comes into play, I think if you invite them the auditor and whoever else we're dealing with at that company and our people and sit down and try to work it out, maybe we'll get our money faster. If they don't want to do that then that's a different story which would be my suggestion to take the necessary step to do the first step and then go to the second step if you have to. I don't think using the word "we're going to sue them"...let's try to negotiate first.

Alderman Smith stated you've been on this for about six months.

Mr. Buckley replied yes.

Alderman Smith stated you haven't received any direction or any acknowledgment from...just what you're talking about the \$50,000, right.

Mr. Buckley stated we hired Health Claims and they've been dealing with them and because we're paying them to deal with them and part of the agreement was that they would go after them and collect the money which is why we're paying them that I've been letting them handle it exclusively and I've stayed out of it and now we're into a legal issue which I'm really not qualified to get involved with. It's been suggested that we bring them back up here...these people are from Alabama and so it would cost us money to bring them up here, so I've been trying to avoid that for the moment too.

Alderman Smith stated as a last resort I think we should get the three parties together once and for all and if we don't go that way, I think we should go along with my Aldermen to my right and left and go along with going to the CEO and pushing them through our City Solicitor and that process because this has been going on for six, seven months and we're not getting anyplace.

Chairman Shea asked does anyone wish to make a motion?

Alderman Guinta stated if I may, may I ask a couple of quick questions. Kevin, when did we hire Health Claims to do this audit?

Mr. Buckley replied last winter, I believe.

Alderman Guinta asked how long was this project supposed to take?

Mr. Buckley replied I think the timetable they gave us was nine months to be completed.

Alderman Guinta asked in the audit did they include an audit of potential subro claims?

Mr. Buckley replied yes they included everything.

Alderman Guinta stated so out of all of that there was one subro claim for \$200,000.

Mr. Buckley replied yes just one claim.

Alderman Guinta stated it looks like we're outstanding around \$240/250,000 between the subro, the Veteran's Administration claim and there seems to be a few thousand left over. My thought is to certainly and carefully push this along at a pretty quick pace because it seems like time is of the essence and I would make a motion...I don't know if Kevin, on behalf of the City...making first a phone call and then a potential follow-up letter to the CEO of the company to request a completion of this issue.

Alderman Lopez stated I don't think they've ever sat down collectively and I'm wondering if in that letter that they ask to sit down collectively.

Alderman Guinta stated I'm suggesting a phone call first but I think the issue of sitting down...you said Health Claims is located in Alabama and there would be a cost associated to the City to bring them here.

Mr. Buckley stated yes we would have to pay their travel cost, that was part of our agreement with them.

Alderman Guinta stated my thought we would to first make a phone call from the City to the CEO of Anthem to try to resolve this and if that doesn't work follow it up with a letter and if that doesn't work by that time we should be at our next meeting or we could do a phone poll to try to determine what to do next.

Mr. Tawney stated Health Claims Consulting has had several face-to-face meetings with Anthem and their staff trying to iron out these issues and has yet to be able to go beyond that, so it's not like nobody's been talking to Anthem.

Alderman Guinta asked who are they talking to at Anthem, maybe they're not talking to the right people?

Mr. Tawney replied they were talking to the people that were designated by Anthem as the representative over this issue.

Alderman Guinta stated so, for example, when Health Claims Consulting says where the \$200,000 and the subro claim what's the response.

Mr. Tawney replied the response as I remember was basically the other insurance company saying we don't have any liability here and off the top of my head can't remember why they were saying that.



Alderman Guinta asked does Health Claims Consulting have a written report that they have provided to the City.

Mr. Buckley replied yes we've given you reports from them before, update reports.

Alderman Guinta asked when was the last time we received a report.

Mr. Buckley replied I think 5/17/02 was the last report I have, it's the one I'm holding in my hand now, but I believe this is only requested from them specifically for the Committee on Accounts.

Alderman Guinta stated we don't have anything in writing from Health Claims Consulting since May of '02.

Mr. Buckley replied yes.

Mr. Tawney stated maybe two weeks ago I had talked to the project manager from Health Claims Consulting on this and asked for a final report summarizing all of the monies that were still outstanding of which the \$200,000 and the \$40,000 from the VA.

Alderman Guinta stated in addition to a financial report I'm talking about a more in depth report that might shed some light on negotiations or discussions surrounding some of these particular claims. I'm wondering if Health Claims Consulting has ever provided that type of report in the past or if they can provide us that type of report. What I'm getting at is that I would like to know exactly the details of the negotiation or the discussion.

Mr. Tawney stated we can ask them to provide that.

Mr. Buckley stated they have provided us with a lot of very detailed spreadsheets and lots of e-mails back-and-forth about what they have been doing and when they send letters to Anthem they courtesy copy us.

Alderman Guinta stated that is what I've been getting at. There's been activity on these issues.

Mr. Buckley stated recently there hasn't been a lot because now they're to the point where the amount...that they're looking at the cost benefit to them to Health Claims...

Alderman Guinta asked what do they take a percentage of the take?

Mr. Buckley replied yes. Now, it's to the point where they're putting in lots of...and actually Anthem has been a lot better than they thought they were going to be as far as the amount of claims, they looked at \$32 million of paid claims which is 275,000 claims they looked at which was \$32.605 million were paid amount of claims and out of that amount this is what they've come up with, so that's way less than they expected.

Alderman Guinta asked over what period of time is this \$32 million?

Mr. Buckley replied July 1, 1998 to September 28, 2001.

Alderman Guinta stated we're self-insured aren't we.

Mr. Buckley replied yes.

Alderman Guinta stated this is out of our pocket the entire \$32 million.

Mr. Buckley replied yes.

Alderman Guinta stated I would restate the motion to authorize Kevin Buckley, on behalf of the City, to make first a phone call to the CEO of Anthem to try to resolve the final issues and then secondly follow-up with a letter if that doesn't work and then at that time would be appropriate to come back to this committee and if need be a phone poll as opposed to waiting for another month.

Alderman Lopez moved to second the motion noting the letter should perhaps come from the auditor and Tom Clark with the Mayor's signature or something.

Alderman Guinta moved to amend his original motion to include adding the Mayor and City Solicitor noting the initial phone call would come from Mr. Buckley.

Chairman Shea called for a vote on the motion. There being none opposed, the motion carried.

Alderman Lopez in reference to the Pension Benefit audit indicated your stating that receiving pension checks from the old system are weak. Did somebody bring this to your attention and tell you about this?

Mr. Buckley replied every month before the checks come out the head of the department has to sign a sheet which says these are the checks and so Kevin Clougherty brought this to my attention because he said sometimes I have trouble signing this because I can see that this is the right amount to send to these people, but I don't know what's being done to make sure these people still exist...could you call up and find out what they do. So, I talked to Howard about what they do there and I talked to the NH Retirement System to see what the State does and the State does not do much more than the City, they do pretty much exactly what the City does which is to just go through the obituaries to make sure to catch anyone on the system. The State has also gone to the extra step now that they are going to hire a company and I know Ginny has looked into this too of hiring a company that has a gigantic database of death records and they will compare the State's database to their database to see if there's fake social security numbers, if anyone we're paying is no longer alive and there are a few other tests they do. It costs a lot of money and for the small amount of retirees we're paying in the old system it's probably not worth it. So, that is why I've gone to this step of doing a confirmation to everyone that they'll have to sign off on.

Alderman Lopez stated I just wanted to mention that we've been in discussion about the auditor and this committee setting the priorities as to auditing different things that are brought to our attention and to be fair with everybody involved we just don't go out there and audit people without notifying them of the situation. Has the pension board been informed that you are going to do a complete audit on that?

Mr. Buckley replied I've talked to Ginny and Howard and ran it by them that this is what I would like to do and to get their input as to whether they thought it was a good idea or a bad idea and when I form the confirmation I wanted to run that by them too to make sure that the language is okay.

Alderman Lopez stated I think it's good if in Philadelphia they had \$2 million...

Mr. Buckley interjected but they have a gigantic system.

Alderman Lopez stated the only point I want to make is that if something is developing here then this committee should know something about it.

Mr. Tawney stated one thing that Kevin had proposed was that we send out a confirmation letter to each retiree and I have no problem with that, that's relatively simple...he wanted to have a notary public sign that this was in fact the true person's signature and I just want to make sure that you were all right with that

because a retiree is going to have to put out \$5.00, \$10.00 whatever it is for a notary's signature cost and go find one and I just want to make sure that you are all comfortable with that.

Aldermen Lopez asked what is the procedure, would you need somebody to notarize?

Mr. Buckley replied I would like that because anyone could sign and say yeah that's me and the big problem comes is that some of these checks are direct deposit, so a real person never signs a check, never goes to the bank with a check, they don't even have that control on it. But, like Howard said, there are problems with people who are in a nursing home who are getting checks and there are some homes getting the check for them or whoever and there may be other problems like that that go with this and I would have to adjust it as things come in. But, I've never done this before so I'm just trying to get a feel for it.

Alderman Lopez stated, for instance, Alderman Smith has a pension check he would have to pay five or ten dollars for a notarized signature.

Mr. Buckley stated I would have to treat him like all the others.

Alderman Smith stated that's the point. On the old system, Kevin, I know there's a retirees base pay, no benefits to the wife, etc...how many people are on the old pension that you would be inquiring about?

Mr. Tawney replied I think there's about 235.

Chairman Shea stated I understand that they would have to pay the \$5.00, is that correct?

Mr. Buckley replied yes.

Chairman Shea stated that doesn't make any sense. Why would we ask people to spend \$5.00...how often are you going to do it...once a year?

Mr. Buckley replied just this once for now. If we don't find anything...

Alderman Lopez asked could why couldn't they come into the City Clerk's Office and get it notarized.

Chairman Shea stated that might be helpful, I'm not sure.

Alderman Smith stated my problem with this is that we have elderly people that retired and I'm sure that some of the people who are retired are getting \$250 for the month because they retired 30 or 40 years ago and might be in nursing homes or might be up at the VA, we don't know, and you're putting a burden on them. Now, these people when they retire whatever time it's half pay of whatever they were earning when they retired and it doesn't fluctuate. It's the same amount from day one and if they live 40 years it stays the same amount. I think you're going a little bit too far.

Chairman Shea stated the City Clerk said they should send them to him and they'll notarize them.

Clerk Bernier stated we'd be happy to help this process. If you turn over the 235 names we'll track them down for you because we have voter checklists, vital records...

Mr. Tawney interjected we have the addresses for all of these people, that's not the problem.

Alderman Guinta asked do you have phone numbers?

Mr. Tawney replied for many, if not all.

Alderman Guinta stated what about making phone calls to start out with, is that an unreasonable number of phone calls to make. Is there a process you can adhere to by way of over the phone to verify that these checks are going to the right place before we do the letters.

Mr. Buckley replied that would be more time consuming to do, individual phone calls. If I could get other confirmation of people besides their signature on a letter that would be fine too, but if I could do some secondary cross checking, but just someone's signature...and my concern with it is if some dies and it's going into an account where no one else has to sign a check, and a relative or whoever is a secondary person on that account they could just keep getting the checks and if I sent them a letter and they got the letter they could sign the person's name, send the letter back and I would never know which is why a notarized signature is one level of comfort above that. If there are alternate procedures I could include in the letter to do something else if they can't afford the money or if it's inconvenient for them to let me know and we'll work something else out, I could include something like that also.

Alderman Lopez stated I think we should get them to do whatever they can to go ahead and verify the names without a cost and utilize whatever other procedures they need to verify without the cost and then if there is a cost to contact them a second time if there's doubt that the signature is the one that's representative.

Alderman Guinta asked do we have this list readily available, can we look at this list and determine how many people are in New Hampshire and how many people are in other states? Number two, do we even have the authority to require this, is there anything that prohibits us from creating a cost to a pension recipient to verify who they are?

Mr. Buckley replied that would be a legal question.

Alderman Guinta asked how many people do we have in your department? If we did 10 phone calls a week (2 people), that's 13 weeks...that's not going to take that long.

Mr. Buckley replied my department is short four people right now and they don't have...

Alderman Guinta stated it works out to be two phone calls a day for 2 people.

Mr. Sherman stated I'm not sure a phone call gets you where you want to be because if I have a retiree living down in Florida, this is the problem, you're right...I know, I think Finance has eight people, I know four or five of them personally and I know they're alive, that's not a problem. If I call down to Florida and you answer the phone and say oh yeah I'm the caretaker for my father...he's in a nursing home I still don't know that he's alive and that's really what you're trying to get at. If you send this out and ask for a notary nursing homes have notaries, senior centers have notaries, AARP will notarize, banks will notarize. A lot of these places will notarize. If somebody is going to charge you, they're going to charge you \$5.00. I don't think a senior is necessarily the issue. I guess what I would recommend to you is let Kevin send them out...we did this about 12 years or so ago. I'd say we probably got less than a handful back that complained that we made them go through this process.

Alderman Guinta asked are there any cost savings when you do this?

Mr. Sherman replied no. At that point, we were well over 300 at that point as far as pensioners. We didn't get anything back that sent up any red flags that we were paying anybody we shouldn't have been being paid, but that was really before a lot of people were using direct deposit. A lot of those were checks so we had signed checks.

Alderman Guinta stated so all of these checks are now direct deposit, right, or most of them?

Mr. Sherman replied the majority of them are and that's really what we want to check because again if I'm the co-signer on my father's account and you keep putting money in my father's account and I keep writing checks you'd never know. Most of the time we don't expect to find a big problem. Typically, you will see it in the *Union Leader* in the obituary and within a day or two family members are calling and setting the City straight. But, again, I think if we follow the process...send it out to be notarized or even a witness. Maybe that's an alternative that they just have a witness sign it.

Chairman Shea stated Tom Arnold had a good suggestion possibly...there are department heads that are aware of retirees and can give you a direct answer in terms of who they say they are, are they still living and I think that might be one of the first steps that should be taken and I know he mentioned that there's someone from their department that they can verify that they are still living and maybe there are other department people who know whether these people have died or are still living and I think once you get through that process then the next step might be what we're talking about now.

Mr. Sherman stated that might be a good step and at least save \$.37 on each one of those that we already have a positive confirmation on. Maybe we'll start there...contact the departments, anyone that they can't verify and at that point we can send the letters out.

Alderman Smith stated that's what I was going to bring out, but I'd just like to say that in the old system now this number is going to dwindle fast...how many are eligible now to be pensioned in the old system...not many.

Mr. Sherman stated it's just over 20 that are still active.

Alderman Smith stated so the number will be 250 and they are all elderly or are going to be 55 to 80 years old and I think this will go away in time, but if you want checkpoints I would think that you would go with the departments.

Mr. Sherman stated we can go to the departments first and go from there, that's fine.

Alderman Lopez moved to authorize the Finance Department to verify retirees as outlined. Alderman Guinta duly seconded the motion. There being none opposed, the motion carried.

Chairman Shea stated one other point before you leave would be some sort of closure to the Canal/Victory Parking Garages extended testing. We're talking about a difference of how much now between what your figures are and what theirs are.

Mr. Buckley replied about \$2,000.

Chairman Shea asked do we want him to...what is the opinion of the members, do you want him to continue this process. I know you're spending a lot of time on it, I guess. What would be the preference?

Alderman Lopez asked what would be his recommendation?

Mr. Buckley replied it wouldn't hurt my feelings to accept the \$8,500 they're offering.

Chairman Shea stated we could do that.

On motion of Alderman Lopez, duly seconded by Alderman Guinta, it was voted to have Mr. Buckley get the best monetary amount.

Clerk Bernier asked for clarification as to where the letter should originate from the City Clerk's Office or Finance.

Alderman Smith replied I would suggest it come from the City Clerk's Office.

Clerk Bernier noted letters would be sent to department heads with a copy being sent to the members of the committee.

Mr. Buckley stated I would rather control the letter myself, but under your signature and on your letterhead would be fine.

On motion of Alderman Guinta, duly seconded by Alderman Smith, it was voted to have Finance draft the letter to be mailed out on City Clerk stationery under the signature of the City Clerk.



Chairman Shea addressed item 5 of the agenda:

5. Communication from Sharon Wickens, Financial Analyst II, seeking authorization to write-off 2<sup>nd</sup> quarter FY2003 Accounts Receivable.

Alderman Smith moved for discussion. Alderman Lopez duly seconded the motion.

Alderman Smith in reference to Cahoots Sports Bar & Grill stated I just went to a hockey game, looked up at the TV and noticed they had great advertising. I went to the Highway Department, they did get five toaters that go \$45.00 apiece and they haven't paid their bill. I can't believe...there's \$2.5 million owed to the City of Manchester by various concerns...

Ms. Wickens interjected \$1.7 million of that is Airport just so you know.

Alderman Smith stated I'll name another "Captain's Pleasure"...we wrote him off, so maybe Captain's Pleasure went down and said hey, I didn't pay my bill you might as well do the same thing and that's what's happening. I can't see that these people who are in business can't pay their bills and that's why I suggest that we go and put the names in the paper or do something that's drastic. We did get some money from one person that we brought up before because he said was unaware of it. I know you send out the letters and I'm not blaming you, but these people are in business and they should pay their bills just like everybody else has to.

Ms. Wickens stated all of our customers are treated exactly the same. Ninety days and over they go to collections. When collections returns it to us as uncollectable then I get it and I either send it to the Solicitor's if it's over \$1,000 or I put it on this report and by putting it on this report I am not recommending that it be written off. I am bringing it to this Committee's attention to say we have done everything that we can and now this is where it ended up. Certainly, you don't have to write this off and I am well aware of where Cahoots is and how they're doing. I initiated the conversation with Matt Normand in the City Clerk's Office who indicated they will be needing a business license, so I asked can you keep an eye out because they're going to be coming in...the City Clerk's Office is the best first line of defense when they come in as they've collected a lot of them plus they also send them a copy of my write-off list and if Matt knows a business license is coming up he'll catch them when they come through the door, so do I think we're not going to collect on this, we probably are because I would imagine that Matt's going to catch them, but procedurally this is where it ended up. I can't just sit on it, I have to bring it to your attention and this is how I do it.

Alderman Smith stated I understand and I'm not blaming you...like we wrote off some last time and if I had thought about it I wouldn't have written it off after the information I had received. Like I said it's \$2.5 million we're owed, not counting the current, so it's over \$3.6 million that owed to the City right now and as you know we're in a tough situation and I know that I always pick on...but if we could even get half of that we'd be in a much better position today than we are. Some of these...M & L...now they're a subcontractor for Parks & Recreation, they just did West Memorial Field and I just think that we should probably send a letter to anybody in construction...send a letter to Parks & Recreation, the Highway Department, Water Works...anybody that this fella cannot do any work until he pays the agency.

Ms. Wickens stated M&L is the Police and Fire Departments and I actually just received that from the Police Department today and forwarded it to collections, it had never been forwarded to our collection agency and they weren't able to collect. Police is their own little...they have certain procedures that they go through over there before they actually send it to me. So, I did get that today and I did send it out today. I don't know what the collection agency will do or what luck they'll have.

Alderman Lopez stated Alderman Smith has brought it up many times about publishing the names, but is there any way that we can (on delinquencies) make sure that every City department that does business has a delinquent listing of people who owe the City money and did not pay it.

Ms. Wickens replied I do send them stuff. All of the departments get a listing of what's in the collection agency and they also get reports every month.

Alderman Lopez stated I realize they get the reports but there is not probably a delinquent list next to the person who's getting the permit...for example, if I went to Highway to get a permit for something, if I went to the Police Department to get a permit for something...there's not a delinquent list that the clerk could say I think you owe the City some money, I think you'd better go see Sharon and talk to her and I was wondering if there could be some type of a procedure like that.

Ms. Wickens stated I do put notes on the HTE system and if you were to look up somebody's name or a business...

Alderman Lopez stated you do a great job...the case being...

Ms. Wickens interjected people aren't using it, that's what the problem is.

Alderman Lopez stated that's my point, they're not using it because it's not their field, it's not Finance, they're not worried about it. They're just doing their thing. I'm talking, for example, like at the grocery store the people that have delinquent checks there's a list right beside the cash register, so when somebody tries to cash a check they look at those names and maybe we need to tighten up that procedure and I was asking the City Solicitor if there's any particular thing wrong with that.

Mr. Arnold replied no I don't believe there is. It's a matter of setting up a procedure to do it.

Alderman Lopez asked, Randy, could you take that back and see what kind of a situation, policy or procedure we could establish in the City that people coming in to pay their bills or getting permits that we would have some type of procedure in place...not everybody is going to go to HTE.

Mr. Sherman stated I think you're right and I think what you're referring to is that when you go into certain stores I know they used to have a do not accept checklists and there used to be almost a national publication of people who bounced checks and maybe I can work with Sharon and see if we can get something out. I know she keeps detailed notes in the system and maybe there's some way we could generate a report so department's would have a hard copy because part of the problem is while a large majority of our receivables are run through the system if somebody comes in and walks up to a counter and it's not a receivable and they're going to try and pay cash they don't have anything to catch it and we can certainly work to try to at least get something so that the clerks can have something on their desks to work with.

Alderman Lopez stated she does a good job and I think she needs a little help in that area. The other question I have is that it seems that people pay their bills like Public Service or Verizon on meter bags and they pay back bills and it's not credited to the right account that's on here. I talked to Denise at Traffic earlier today apparently some of the numbers on here don't correspond with her bookkeeping over there and they said that because of the procedure that when they get the money and get a check it goes to the longest bill that was outstanding instead of the right number.

Ms. Wickens stated it does if you don't select what you want to have paid. They have the opportunity that when they go in and process the payment to select which invoices would be paid. If she doesn't make a selection it will pay the oldest invoice first.

Alderman Lopez stated unless she has that number on there right.

Ms. Wickens stated unless she selects which invoice she wants, right.

Alderman Lopez asked could you talk to her a little bit more about it.

Ms. Wickens replied sure and people make mistakes all the time and they'll call me and it's nothing to correct. If she sees it I'll have a talk with her.

On motion of Alderman Smith, duly seconded by Alderman Lopez, it was voted to accept the write-off list as submitted.

Ms. Wickens asked for clarification purposes relative to the write off list asked are you writing it off as is...if I were to write off Cahoots certainly it would be recovered when we got the money back, I just want to know how you want to handle that. That is how we treated the other one, we treated it as a recovery.

Alderman Guinta asked now what do we do?

Chairman Shea stated you didn't write them off you just took a vote to accept the list.

Ms. Wickens stated this will go in front of the Board but do you want me to wait until they approve it. It actually goes in front of the Board upon your recommendation because I'm presenting write-offs.

Alderman Lopez stated we either have to vote on it or not, Mr. Chairman.

Chairman Shea stated I'm confused. We're not writing these off. What we would like you to do is to pursue the people that owe it.

Ms. Wickens stated we're not writing any of these off.

Chairman Shea stated right but to pursue these people and try to come up with some sort of a procedure so that people will have some sort of a guide where if these people try to get a permit or something like that...I still think there should be some sort of correspondence with them that they're not excused and that they have to pay these particular bills.

Alderman Lopez asked for clarification of "AEX"?

Ms. Wickens replied it means that all efforts have been exhausted by the collection agency and I have a couple of bankruptcies on here, but they're not large dollars and we can certainly put them on the next write-off list.

Chairman Shea stated we're not going to write them off nevertheless even though we've exhausted every means, we're still going to try and get the money from them.

Alderman Lopez stated yes even though we write these off we still try to get the money, so I think what she is saying is that she has exhausted every means that she possibly could.

Chairman Shea stated I don't think we should write them off period. If we write them off then obviously we will forget about them and it would make no sense. If we're going to start making some type of concerted effort to get the money that the city is owed then to me I don't think it's a wise idea to write them off.

Alderman Smith stated I would suggest that we don't write this off at all and try one more time through other agencies where we might be able to get something...like this Anne Burelle on Traffic, I haven't looked back on it, is it a traffic accident or what?

Ms. Wickens replied those are actually parking lease permits every month...she's like gone.

Alderman Smith stated she can come in and get her registration for her car with all of these traffic tickets.

Ms. Wickens stated they're not tickets, it's what she paid for parking each month at the garage. Well, I don't believe this is a garage permit but rather a lot permit and she paid monthly to have a sticker on her car to park there.

Alderman Smith asked do we own the parking lot?

Ms. Wickens replied yes.

Alderman Smith stated then why can't we, when they come in to register their car or something like that, we don't give you her registration.

Ms. Wickens stated I don't think we can do that when they register a car.

Alderman Smith asked why not?

Alderman Lopez stated it's been answered by Joan Porter before. Under state law that you cannot deny somebody to register their car. The only way they can do something is by the tickets that they get and then you can get that money back and I think the City Solicitor can verify that.

Deputy City Solicitor Arnold stated the registration process, of course, is controlled by the State and there is specific legislation under state statutes that allows you to deny the registration for unpaid parking tickets. I'd have to review the statute but I don't believe it extends to monthly lease payments. I believe this particular woman has also had her right revoked if I remember correctly.

Alderman Smith withdrew his motion to accept the write off list. Alderman Lopez withdrew his second.

Alderman Smith moved to continue the write offs for another quarter. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

Chairman Shea addressed item 6 of the agenda:

6. Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:
  - a) department legend;
  - b) open invoice report over 90 days by funds;
  - c) open invoice report all invoices for interdepartmental billings only;
  - d) open invoice report all invoices due from the School Dept. only); and
  - e) listing of invoices submitted to City Solicitor for legal determination.

On motion of Alderman Lopez, duly seconded by Alderman Smith, it was voted to accept reports as submitted.

#### **TABLED ITEM**

7. Communication from Kevin Buckley, Internal Audit Manager, submitting the Internal Audit Report relative to the Traffic Department (Canal Street and Victory Garages).  
(Re-tabled 10/15/2002 pending further review of info by Mr. Buckley; information previously forwarded to Committee and Board.)

This item remained tabled.

## **NEW BUSINESS**

Communication from the Board of Assessors submitting the following reports:

- a) update of tax base;
- b) status of overlay;
- c) status of outstanding abatements;
- d) status of tax appeals; and
- e) status of exemptions and payment in lieu of taxes.

Alderman Smith in reference to the balance of one seventeen zero three...we're right on target as we were last year...about the same.

Mr. Tellier replied it's approximately within a couple of million dollars when we're talking \$5.1 billion, yes, veritably the same. I would draw your attention to the three abatement reports that were submitted. What we did this time...there were some comments that some of the Aldermen were not made aware of the Accounts and Enrollment report because it was submitted as part of the entire agenda item. So, there was a concerted effort to get this out to all of the Aldermen under separate cover which was done on Saturday. The three lists that you have before you...the first list that has the most comprehensive amount that was the entire abatement list and approximately 350 of those were related to exemptions. The other two lists that are important at this point in time is the Board of Tax & Land Appeals filing and Superior Court. With the exception of two cases in Superior Court the smaller of the two reports they've all been adjudicated with the assistance of the City Solicitor's Office. So, we're just about through that. The Board of Tax & Land Appeals cases will be going through those as we can in groups, for example: condos, warehouse buildings, apartment buildings...that is what we have left on the books at this time.

Alderman Smith stated you have 727 still to go though according to your report.

Mr. Tellier stated there are a number of them that didn't appeal that we're going through as we can. As you know, we're down to two Assessors in a City of this size, so what we have to concentrate on were the Superior Court cases first because they were being scheduled this month and next month. Now, the Board of Tax & Land Appeals cases are probably a year and a half off, but it's to the City's advantage to try to settle those or defend them or get them to withdraw as quickly

as possible because every year there's an abatement or any sort of adjustment that tax year...so right now we're up to two tax years, so what we're really talking about is \$23.82 and \$25.68 per thousand that's adjusted. So, it's in the City's best interest to try to adjudicate these, deny them or have them withdrawn as quickly as possible.

Alderman Guinta asked when did you complete this report?

Mr. Tellier replied this is an on-going report that's updated for the benefit of our internal procedures and for the benefit of the Board of Mayor and Aldermen.

Alderman Guinta stated I note that the date says January 17<sup>th</sup>, was there additional work that went into this report after January 17<sup>th</sup>?

Mr. Tellier replied we could update this...it's actually always being updated. For example, we met with a Superior Court case appellant this morning and came to an agreement. So, this is still a work in progress. It was 01/17 that was the snapshot but it is continually being updated.

Alderman Guinta stated I understand that but between 01/17 and today the 21<sup>st</sup> how much work has been done on this particular report or issue.

Mr. Tellier replied not a great deal.

Alderman Lopez in reference to the Overlay stated the balance is \$800,676 and then down at the bottom add \$1 million, is that \$1 million for 2002?

Mr. Tellier replied the \$1.023 million...we asked for \$1 million in the budget process, but the DRA uses that account to round the entire budget process so it could have been a little under a million or a little over a million dollars. So, in this case it was a little bit over which was added to what we still had in the account to arrive at that amount.

Alderman Lopez in reference to the court filings stated you have nine cases left, right, there were about 16 cases adjusted to market and then withdrawn. Now, in trying to understand the court proceedings...withdrawn before they went to court or after court.

Mr. Tellier replied these were withdrawn before it went to court.

Alderman Lopez stated that out of the 16 cases adjusted to market asked who does that the court?



Mr. Tellier replied actually it was negotiations with the Board of Assessors, City Solicitor's Office and the appellant.

Alderman Lopez in reference to 150 Dow Street stated over \$1 million.

Mr. Tellier sated yes. One of the difficulties...as many of you know as being aldermen there are constraints on those buildings, they're in the Historic District, they can't just tear down obsolete portions or make wholesale changes to those buildings. This particular building almost an eighth of the building has a functional obsolescence to it and in this particular case there was bath, some sort of a weaving pool that was in a large portion of the building and the ceiling height is less than six feet in several stories of that section as well which constrains it for any sort of utility at all. As you know several (i.e., Dean Kamen's buildings) he wished to...there were parts, there were pigeon infested and really difficult buildings and he was looking to raze some of it to enhance the parking which would have mitigated some of the difficulties they have down there but with the Historic District setting that they have they have significant constraints on those buildings as to what they can and can't do. In this particular case a large portion of the building has no utility at all because of the construction in that portion of the building and they can't tear it down, they can't do anything with it.

Alderman Lopez stated the only thing I can't figure out here without adding it up is the total (maybe I'm missing it here) adjusted to market...is there a number of how much it's been adjusted to market someplace that I'm missing in order to bring down the tax base or would I have to add all those up and subtract it.

Mr. Tellier asked are you looking for a total?

Alderman Lopez asked has that already been subtracted from the...I presume that the tax base is \$5.133...that's already been subtracted, so I don't have to worry about that.

Mr. Tellier stated yes. In that number, in the valuation summary that's already adjusted for.

Alderman Lopez stated I guess the bottom line is...

Mr. Tellier stated it's about a wash compared to last year at this date.

Alderman Lopez stated the bottom line also being that our tax base will probably be about the same.

Mr. Tellier stated "static".

Chairman Shea stated when you say that our tax rate will be about the same, what you're saying is that it was \$52.62 and now it's \$52.66.

Mr. Tellier replied yes that's a gross value that doesn't take into consideration...if you look at one of these pages there's the exemption deductions and the exemptions that we have in the City amount to \$133 million; that \$133 is deducted from that gross amount and then we have what's called our net assessed valuation.

Chairman Shea stated so you don't anticipate that there will be much of an increase.

Mr. Tellier stated the fact is there is quite a bit of new construction out there but there is still a lot...as you have in front of you that Board of Land & Tax Appeals that one may offset the other to a great degree. There isn't a great deal of construction there are some apartment buildings, about 150 single family homes that are being constructed, there's some commercial construction out in the South Willow Street and Huse Road area but we still do have quite a bit of value that's under appeal as we speak, so they may offset one another.

Chairman Shea stated so we can't expect much of an improvement there.

Mr. Tellier stated I don't foresee that at this point, no.

There being no further business to come before the committee, on motion of Alderman Smith, duly seconded by Alderman Lopez, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee